ARBINET Corp
Form 425
January 11, 2011

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Investor Presentation
January 2011
Filed by Primus Telecommunications Group, Incorporated
Pursuant to Rule 425 under the Securities Act of 1933
Subject
Company:
Arbinet
Corporation
Registration No.: 333-171293

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Safe Harbor

In connection with the proposed acquisition, Arbinet Corporation (Arbinet) and Primus Telecommunications Group, Incorp
statement/prospectus with the Securities and Exchange Commission (the SEC). INVESTORS AND SECURITY HOLDER
READ THE JOINT PROXY STATEMENT/PROSPECTUS, BECAUSE IT CONTAINS IMPORTANT INFORMATION. A
statement/prospectus will be sent to security holders of both Arbinet and Primus seeking their approval with respect to the prop
holders may obtain a free copy of the joint proxy statement/prospectus and other documents filed by Arbinet and Primus with t
site at www.sec.gov. Copies of the joint proxy statement/prospectus and Primus s SEC filings that were incorporated by refere
may also be obtained for free by directing a request to: (i) Primus 703-748-8050, or (ii) Arbinet (Andrea Rose/Jed Repko Joele

355-4449).

Participants

Arbinet, Primus, and their respective directors, executive officers and other members of their management and employees may
solicitation of proxies from their respective security holders in respect of the proposed acquisition. INFORMATION ABOUT
EACH COMPANY S 2009 ANNUAL REPORT ON FORM 10-K AND SUBSEQUENT STATEMENTS OF CHANGES IN
FILE WITH THE SEC. THESE DOCUMENTS CAN BE OBTAINED FREE OF CHARGE FROM THE SOURCES LISTED
INFORMATION ABOUT THE INTERESTS OF SUCH PERSONS IN THE SOLICITATION OF PROXIES IN RESPECT O
WILL BE INCLUDED IN THE JOINT PROXY STATEMENT/PROSPECTUS TO BE FILED WITH THE SEC.

This document includes forward-looking statements as defined by the SEC. All statements, other than statements of historic
events or developments that Arbinet or Primus expects, believes or anticipates will or may occur in the future, including antici
proposed acquisition, are forward-looking statements. These forward-looking statements are subject to risks and uncertainties t
materially. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of their date
nor Primus intends to update or revise its forward-looking statements, whether as a result of new information, future events or

Important
Information
and
Where
to
Find
It
in
the
Solicitation
Forward-Looking
Statements

Primus Today
U.S. headquartered international business with operations in Canada,
Australia, the U.S., and Brazil
Provider of voice and data communication services to residential,
business and carrier customers
Growth services: broadband, IP-based voice, on-net local, data and data center
services
Traditional businesses: domestic and international long-distance, off-network local,
prepaid cards and dial-up internet services

Wholesale services: Inter-continental IP and TDM wholesale access and transport
Global reach provided by extensive IP-based network assets
Revenue well distributed by geography, product and customer type
Leading global provider of advanced facilities-based communication solutions

Extensive IP-Based Network Assets
Wholesale
Terminate 5 billion minutes annually
to over 240 countries
Direct/transit connections to over 100
countries
Connects
Primus

network
with
Tier
1
and 2 fixed and mobile network
operators worldwide
IP soft Switches
TDM Switches
Fiber Capacity
United States
IP-based softswitch network supporting
wholesale and international traffic
Leased domestic fiber and leased / owned
oceanic fiber to Europe and Australia
Interconnected
with
PRIMUS
global
network
Europe
IP-based
softswitch
in
London
Interconnected
with
PRIMUS
global
network
Owned trans-Atlantic fiber capacity
Canada
6 IP-based softswitches
26 PoPs
70 ILEC colocations with ADSL 2+ capabilities
7 data centers in 5 cities; 30,000 sq. ft. built and
118,000 sq. ft. of capacity
National fiber network with 100% IP-based
capabilities
Fiber ownership to U.S on East and West coasts
Australia
Owned national IP and TDM network
Fiber network passing ~1,000 buildings in
Sydney and Melbourne
66 PoPs providing national coverage
3 data centers in two cities; 22,000 sq. ft. of
built capacity
281 owned DSLAMs with local and ADSL2+
capabilities
Switch facilities in Sydney, Brisbane,
Adelaide, Melbourne and Perth

Owned trans-Pacific fiber capacity
Brazil
Data center facility in Sao Paolo
IP-voice provider to businesses and carriers
Interconnected
with
PRIMUS
global
network

Primus Investment Highlights
Drive profitable growth in areas of long-term sustainable advantage
Scale Canada, Australia, and Global Wholesale
Feed growth businesses: IP-
and data-
based services for enterprises, consumers
Harvest cash flows in traditional businesses
Executing asset portfolio strategy through strategic alternatives
Arbinet

doubles wholesale business and creates unique product set, significant synergies
Exiting unproductive, non-scalable businesses
Evaluating other M&A opportunities
Generating free cash flow, growing cash balance
Focused on balanced sheet transformation through cash generation, proceeds of any divestitures
Management team with extensive telco, cable, and data center experience

The Primus Portfolio
Sum of the Parts
Adjusted
Adjusted
EBITDA
(US$ 000s)
Revenue
EBITDA
(1)

Capex
less Capex
Canada
$172.4
$34.9
$7.3
$27.6
Australia
205.7

29.8

7.6

22.2

Global Wholesale
137.6

3.2

0.1

3.1

Sub-Total
$515.7
$67.9
$15.0
$52.9
US Retail
$38.8
$4.1
$0.8
$3.3
Brazil
21.3

1.3

0.8

0.4

Corporate / India
-

(7.6)

-

(7.6)

$575.8
$65.7
$16.7
$49.0
Discontinued Operations
36.4

(0.4)

0.3

(0.8)

Severance
-

(6.1)

-

(6.1)

Total
$612.2
$59.2
$17.1
$42.2
YTD Q310
Total before
Discontinued Operations
Canada
30%
Australia
35%
Wholesale
24%
US
7%
Brazil
4%
6
Canada
48%
Australia
41%
Wholesale
4%

US
5%
Brazil
2%
Notes:
1. A non-GAAP financial measure. Definitions and reconciliations between non-GAAP measures and relevant GAAP measure

Primus Canada Highlights
7

Headquartered in Toronto,
Ontario

C$240M revenue in annualized
revenue

800 employees

Data centers and sales offices in BC, Alberta, and Ontario

450K customers across the country

70 DSLAMs
(primarily in
Ontario & Quebec)

Provide on-net equal access to ~90% of population

Call centers in Ontario (Ottawa) and New Brunswick

Primus Australia Highlights
8

Headquartered in Melbourne

A$305 million in annualized revenue

575 employees

3 Data Centers in Melbourne and Sydney

Offices in Melbourne, Sydney, Adelaide, Brisbane and Perth

250K customers located in all territories

5 carrier-grade voice switches and 66 points of interconnect

281 DSLAMs
primarily in major
cities and surrounding suburbs

Central business district metro fiber in Sydney and Melbourne

Global Wholesale Services
Key
Combination
Considerations:

Increased scale in carrier services market

Benefits
of

thexchange™

Arbinet s
world-class
telecommunications
trading
platform

Added products and services and enhanced access to certain international routes

Complementary market presence

Synergy potential of $3 million to $7 million (when fully integrated)

Consolidation benefits for network and facilities
9
Combined
PRIMUS
Before
(all figures in millions and annualized, except customers)
Carrier
Arbinet
Synergies
Revenue
(1)
$183.4
$330.0
$513.4
Gross Margin
(1)
$10.8
$25.0
$35.8
Gross Margin %
5.9%
7.6%
7.0%
Customers
262
1,237
Minutes of Use
4,340
12,667
(1) Revenue and Gross Margin are presented net of Bad Debt allowance.
YTD Q310 Annualized

Q3 and YTD 2010 Highlights
10
All results of operations exclude Discontinued Operations and severance unless otherwise specified.
1. EBITDA excludes impact of severance expenses, $4.2 million in Q310 and $1.8 million in Q110 and is a non-GAAP financ
measures and relevant GAAP measures are available in the Appendix and in the Company s periodic SEC filings.
2. Free Cash Flow is defined as Cash Flow from Operating Activities less Capital Expenditures.
(US$ 000s)
Q309
Q310

Change
Q309
Q310
Change
Revenue
$194.9
$188.2
($6.7)
$560.2
$575.8
$15.6
Gross Margin
68.1
67.3
(0.8)
196.4
209.0
12.6
Gross Margin %
34.9%
35.8%
0.9%
35.1%
36.3%
1.2%
Adjusted EBITDA
(1)
$21.2
$20.0
($1.2)
$60.7
$65.7
$5.1
EBITDA %
10.9%
10.6%
-0.3%
10.8%
11.4%
0.6%
Capex
3.9
6.4
2.5
9.5
16.7
7.2
Free Cash Flow
(2)
9.1

14.5
5.4
30.3
20.3
(10.0)
Cash Balance
$41.9
$49.6
$7.7
$41.9
$49.6
$7.7
Quarter ended
YTD
Notes:

Financial Summary
Revenue
Adjusted EBITDA
(1) (2)
Capital Expenditures
Free Cash Flow
(1)
($ Millions)
11

$195
$203
$193
$195
$188
$0
$50
$100
$150
$200
$250
Q309
Q409
Q110
Q210
Q310
-3.3%
% Sequential
Change
5.9 %
4.0%
-4.7%
0.8%
3.4%
% of
Revenue
2.0%
2.7%
2.5%
3.0%
10.6%
% of
Revenue
10.7%
10.8%
11.8%
11.7%
$14
($7)
$13
$6
$9
-$10
-$5
$0
$5
$10
$15
$20
Q309

Q409
Q110
Q210
Q310
$21
$22
$23
$23
$20
$0
$5
$10
$15
$20
$25
Q309
Q409
Q110
Q210
Q310
$6
$6
$5
$6
$4
$0
$2
$4
$6
$8
$10
Q309
Q409
Q110
Q210
Q310
7.4%
% of
Revenue
4.7%
3.0%
6.7%
(3.6)%
Note:
All results of operations exclude Discontinued Operations unless otherwise specified.
(1)
A non-GAAP financial measure. Definitions and reconciliations between non-GAAP measures and relevant GAAP measures
(2)
Adjusted EBITDA excludes impact of severance charges in Q109 ($1.8 million) and Q310 ($4.2 million).

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Canada Overview
Net Revenue
Adjusted EBITDA
(1)
(0.8)%
59.1
(CAD$)
$63.1

$62.1
$59.8
$59.6
Sequential Change
(2.0)%
(1.6)%
(3.6)%
(0.4)%
20.0%
(3.3)%
$11.8
(CAD$)
$12.8
$11.8
$12.1
$12.2
Sequential Change
(7.9)%
(7.8)%
2.5%
0.8%
% of Revenue
20.3%
19.1%
20.2%
20.5%
($Millions)
($Millions)
Most profitable business unit in the portfolio
Stable EBITDA averaging 20% of net revenue despite declining revenues
40% and 7% growth year-over-year in Hosted IP/PBX and data center revenues, respectively
Effective cost controls helped offset the impact of declining revenues on EBITDA and free cash flow
(1)
A non-GAAP financial measure. Definitions and reconciliations between non-GAAP measures and relevant GAAP measures

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Australia Overview
Net Revenue
Adjusted EBITDA
(1)
(0.8)%
$75.8
(AUS$)
$76.5

$75.9
$77.3
$76.4
Sequential Change
(0.9)%
(0.8)%
1.9%
(1.2)%
(1)
A
non-GAAP
financial
measure.
Definitions
and
reconciliations
between
non-GAAP
measures
and
relevant
GAAP
measures
are
available
in
the
Appendix
and
in
the
Company s
periodic
SEC
filings.
13.2%
(2.9)%
$10.0
(AUS$)
$9.8
$9.7
$12.9
$10.3
Sequential Change
(10.1)%
(1.0)%
33.0%
(20.2)%
% of Revenue
12.9%

12.8%
16.6%
13.5%
($Millions)
($Millions)
Stable revenue stream
Declining residential revenue
replaced by higher margin
business revenue
46% growth year-over-year in
data center revenues and 6%
growth for business revenues in
aggregate
Adjusted EBITDA of 13.2% of
net revenue in Q310 versus
12.9% in Q309
$68.4
$69.9
$63.7
$69.0
$67.5
$60
$64
$68
$72
Q309
Q409
Q110
Q210
Q310
$9.0
$9.1
$11.6
$8.8
$8.2
$0
$2
$4
$6
$8
$10
$12
$14
Q309
Q409
Q110
Q210
Q310

Global Wholesale Overview
Net Revenue
Gross Margin %
(1)
$53.6
$54.9
$46.5
$49.2
$41.9

$0
$20
$40
$60
$80
Q309
Q409
Q110
Q210
Q310
4.1%
3.9%
3.7%
4.9%
5.2%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
Q309
Q409
Q110
Q210
Q310
(1) A non-GAAP financial measure. Gross Margin % is defined as Net Revenue less costs of revenue divided by Net Reven
(14.9)%
Sequential Change
6.5%
2.5%
(15.3)%
5.8%
($Millions)
($Millions)
Gross margins, as a percentage
of net revenue, improved 110
basis points to 5.2% in Q310
versus Q309 as we focused on
higher margin US domestic
terminations
Summer seasonality in Europe
had expected effect on
quarterly traffic
Focus on profitability vs.
Revenue drove decision to
prune less profitable traffic
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Primus
Other Businesses
United States:
Net
Revenue
for
the
quarter
decreased

$4.1
million
year
over
year
to
$12.1
million
Adjusted
EBITDA
for
the
quarter
decreased
$1.6
million
year
over
year
to
$0.9
million
Brazil:
Net Revenue for the quarter increased BRR 8.2 million year over year to BRR 15.9 million
Adjusted EBITDA for the quarter remained flat year over year as the significant increase in revenue was derived from low-margin reseller voice services
Europe Retail:
All
European
retail
operations
classified
as
Discontinued
Operations
in
the
financial statements
$6.2
million
(non-cash)
impairment
charge
for
goodwill
and
long-lived
assets,

primarily intangibles established as part of fresh start accounting
Adjusted EBITDA of (2K) and (71K) for the third quarters 2010 and 2009, respectively

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Foreign Currency Effects
More than 80% of revenue generated outside US
Natural in-country currency hedge
Revenue and costs are largely denominated in each country s local currency
Impact of currency fluctuations driven by US dollar
remittances from foreign units to service debt
.5688
0.9617

0.9023
Q310
0.5536
0.9602
0.9036
Q110
0.5559
0.9731
0.8835
Q210
0.5800
0.9900
0.9900
As of
11/15/10
Q309
Q409
AUD $
0.8323
0.9087
CAN $
0.9097
0.9460
BRR
0.5335
0.5728
Average Exchange Rate to US$

17
Balance Sheet
($US Millions)
(1)
A
non-GAAP
financial
measure.
Definitions

and
reconciliations
between
non-GAAP
measures
and
relevant
GAAP
measures
are
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the
Appendix
and
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Q309
Q409
Q110
Q210
Q310
Total Debt / LTM Adjusted EBITDA
3.30x
3.15x
2.99x
2.79x
2.81x
Net Debt / LTM Adjusted EBITDA
2.76x
2.63x
2.38x
2.40x
2.24x
Interest Coverage Ratio
2.50x
1.77x
2.45x
2.69x
2.31x

Note:
All results of operations exclude Discontinued Operations and severance unless otherwise specified.

Cash balance of $49.6 million at September 30, 2010

Principal amount of total debt at 9/30/10 was $245.9
million compared to $246.3 million at 6/30/10

Improving leverage ratios

Primus Investment Highlights
Drive profitable growth in areas of long-term sustainable advantage
Scale Canada, Australia, and Global Wholesale
Feed growth businesses: IP-
and data-
based services for enterprises, consumers
Harvest cash flows in traditional businesses
Executing asset portfolio strategy through strategic alternatives
Arbinet

doubles wholesale business and creates unique product set, significant synergies
Exiting unproductive, non-scalable businesses
Evaluating other M&A opportunities
Generating free cash flow, growing cash balance
Focused on balanced sheet transformation through cash generation, proceeds of any divestitures

Competitive Landscape
Alog, Diveo, UOL, Locaweb, Transit, GVT, Datora
Telstra, Optus, AAPT, iiNet, TPG
Bell Canada, Telus, MTS Allstream, Rogers, COGECO, Shaw, Globalive, Videotron
Wholesale units of major global carriers

TaTa, Begacom, iBasis
KPN
Vonage, *Cbeyond, XO, Paetec, Verizon,*
AT&T
Quality
Value
Strong
brand
identity
Extensive
sales
staff
Quality of service
Value
Customer care
Strong
brand
identity
Value
Quality of service
Strong managed services team
Largest geographical internet data
center coverage
Direct global interconnects
Quality of service
Pricing
Quality of IP-PBX Platform
Value
Geography
Primary Services
Primary Competitors
PRIMUS
Advantages
Data-hosting
VoIP services
Broadband access
International Voice
Residential
Voice, VOIP
Business
Voice, IP-PBX services
Brazil
Australia
Canada
Wholesale
U.S.
Residential *Value Provider*
Voice, Broadband, IP, wireless, local
Business *Full Solution Provider*
Voice, broadband, IP, hosting, data, wireless

MVNO
Residential *Value Provider*
Voice, broadband, local, wireless MVNO
Business *Full Solution Provider with*
SME Focus
Voice, broadband, IP, local, wireless,
hosting services

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Adjusted EBITDA

Adjusted EBITDA, as defined by us, consists of net income (loss) before reorganization items, net, share-based compensation expense, depreciation and amortization, asset impairment expense, gain (loss) on sale or disposal of assets, interest expense, amortization or accretion on debt discount or premium, gain (loss) on early extinguishment or restructuring of debt, interest income and other income (expense), gain (loss) from contingent value rights valuation, foreign currency transaction gain (loss), income tax benefit (expense), income (expense) attributable to

the non-controlling interest, income (loss) from discontinued operations, net of tax, and income (loss) from sale of discontinued operations, net of tax. Our definition of Adjusted EBITDA may not be similar to Adjusted EBITDA measures presented by other companies, is not a measurement under generally accepted accounting principles in the United States, and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations.
We believe Adjusted EBITDA is an important performance measurement for our investors because it gives them a metric to analyze our results exclusive of certain non-cash items and items which do not directly correlate to our business of selling and provisioning telecommunications services. We believe Adjusted EBITDA provides further insight into our current performance and period to period performance on a qualitative basis and is a measure that we use to evaluate our results and performance of our management team.
Free Cash Flow
Free Cash Flow, as defined by us, consists of net cash provided by (used in) operating activities before reorganization items less net cash used in the purchase of property and equipment. Free Cash Flow, as defined above, may not be similar to Free Cash Flow measures presented by other companies, is not a measurement under generally accepted accounting principles in the United States, and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statements of cash flows.
We believe Free Cash Flow provides a measure of our ability, after purchases of capital and other investments in our infrastructure, to meet scheduled debt principal payments. We use Free Cash Flow to monitor the impact of our operations on our cash reserves and our ability to generate sufficient cash flow to fund our scheduled debt maturities and other financing activities, including discretionary refinancings and retirements of debt. Because Free Cash Flow represents the amount of cash generated or used in operating activities less amounts used in the purchase of property and equipment before deductions for scheduled debt maturities and other fixed obligations (such as capital leases, vendor financing and other long-term obligations), you should not use it as a measure of the amount of cash available for discretionary expenditures.
Non-GAAP Measures
Note:
All results of operations excluded Discontinued Operations unless otherwise specified.
Three Months
Three Months
Three Months
Ended
Ended
Ended
September 30,
June 30,
September 30,
2010
2010
2009
NET INCOME (LOSS) ATTRIBUTABLE TO
PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
5,080
$

(13,038)
$
2,165
$
Reorganization items, net
-
-
307
Share-based compensation expense
(12)
117
307
Depreciation and amortization
13,641
18,194
18,740
(Gain) loss on sale or disposal of assets
-
(189)
36
Interest expense
8,602
8,733
8,747
Accretion (amortization) on debt premium/discount, net
46
45
-
(Gain) loss on early extinguishment of debt
-
(164)
-
Interest and other (income) expense
(254)
(153)
(160)
(Gain) loss from Contingent Value Rights valuation
(33)
382
4,229
Foreign currency transaction (gain) loss
(14,006)
9,623
(13,448)
Income tax (benefit) expense
(3,238)
(1,883)
(2,121)
Income (expense) attributable to the non-controlling interest
74

(106)
210
(Income) loss from discontinued operations,
net of tax
5,464
1,528
2,110
(Gain) loss from sale of discontinued operations,
net of tax
389
(193)
110
ADJUSTED EBITDA
15,753
$
22,896
$
21,232
$
NET CASH PROVIDED BY (USED IN)
OPERATING ACTIVITIES BEFORE REORGANIZATION ITEMS
20,865
$
(1,140)
$
12,992
$
Net cash used in purchase of property
and equipment
(6,410)
(5,824)
(3,886)
FREE CASH FLOW
14,455
$
(6,964)
$
9,106
$